

**RESOLUTION NO. 2018-08**

**(AMENDED NOVEMBER 27, 2018)**

**RESOLUTION OF THE CALIFORNIA ABLE ACT BOARD RELATING TO  
THE APPROVAL TO COLLECT A STATE ADMINISTRATIVE FEE  
FOR THE CALIFORNIA ABLE PROGRAM**

**WHEREAS**, the California ABLE Act Board (the “Board”), pursuant to section 4877(c)(7) of the Welfare and Institutions Code, has the power and authority to make provisions for the payment of costs of administration and operation of the California ABLE Program (the “Program”); and

**WHEREAS**, section 4877(c)(11) of the Welfare and Institutions Code provides that the Board may promulgate, impose, and collect administrative fees and charges in connection with transactions of the Program, and provide for reasonable service charges, including penalties for cancellations; and

**WHEREAS**, section 4878(a)(3) of the Welfare and Institutions Code states that funding for startup and administrative costs for the Board shall be provided in the form of a loan from the General Fund sufficient to cover the Board’s projected administrative costs for its first two years of implementing the Program, and once the loan has been expended and revenues from the Program are sufficient to cover the Board’s ongoing costs, the Board shall repay, within five years, the amount loaned, plus interest calculated at the rate earned by the Pooled Money Investment Account; and

**WHEREAS**, at its May 2018 meeting, the Board, pursuant to section 4877(c)(2) of the Welfare and Institutions Code, authorized the Executive Director to issue a Request for Proposals (the “RFP”) for Program/Plan Management Services for the Program; and

**WHEREAS**, the responses to the RFP were evaluated by an evaluation committee which determined that TIAA Tuition Financing, Inc. (the “Program Manager”) was the highest scoring bidder for the Program; and

**WHEREAS**, at its August 2018 meeting, the Board approved Resolution No. 2018-03 authorizing the Executive Director to enter into Agreement No. ABLE 01-18 with the Program Manager; and

**WHEREAS**, following a review of the proposed State Administrative Fee (the “Fee”) structures for the Program and projections, the Board adopted Resolution No. 2018-08 at its October 23, 2018 meeting approving the collection of a Fee of forty-four basis points, or 0.44%, from Program participants to begin efforts towards sustainability and repayment of the loan received from the General Fund;

**WHEREAS**, upon further review, it was determined that the Fee shall not be collected from Program participants investing in the FDIC-Insured Portfolio to the extent that the imposition of such Fee would cause a loss of principal;

**NOW, THEREFORE, BE IT RESOLVED** that the Board hereby approves the proposed collection of the Fee for the Program at 0.44%, with a waiver of that fee on Program participants investing in the FDIC-Insured Portfolio until such time as market conditions will allow all or some portion of the Fee to be charged without a loss of principal

in the FDIC-Insured Portfolio. Collection of the Fee shall take effect following Program launch.

Attest: \_\_\_\_\_

Vincent P. Brown for Chairperson, State  
Treasurer John Chiang

Date Amended Resolution Approved: \_\_\_\_\_